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## *Senate*

### THE PRESIDENT'S STATE OF THE UNION ADDRESS

Mr. CARPER. Mr. President, I have a couple comments. First, on the heels of what has been said by our friends on the other side, a little more than 24 hours ago we listened as the President addressed our Nation and shared with us how he thinks we are doing and how he thinks we could do better.

I thought it was, for the most part, a good speech, well delivered. There were a number of aspects of the address I especially welcomed. As a former Governor of Delaware, who has been a mentor for over 5 years, and who went out and recruited 10,000 mentors in our State, I especially appreciated his recognition for the importance of the roles of mentors in young people's lives and the call for other Americans to mentor children in their own communities.

I very much appreciated his, I believe, sincere commitment toward rallying the United States to help fight the AIDS epidemic in Africa and to put our money where our mouths are.

A year or so ago we sat just down the Hall in the House Chamber and the President talked about an axis of evil in which he included North Korea, Iraq, and Iran. I had some difference with what he said, particularly dealing with Iran. He simply seemed to lump all the Iranians together, whether they happen to be the ruling clerics, who are squashing human liberties, civil rights in that country, or whether they happen to be many of the younger people, those who have taken to the streets, who have demonstrated, risked their lives in a commitment to democracy.

I was very pleased when President Bush, in his comments the night before last, spoke to the situation in Iran and acknowledged there are two camps. There is a camp whose direction we do not endorse, we do not support, but strongly differ with. But there are a lot of good people in that country who are trying to do the right thing for themselves in a way we would welcome as they seek to restore civil liberties, human liberties, human rights, and to infuse a true democracy in that country.

There are a lot of people in that country who, frankly, like this country. On the heels on 9/11, and a time or two since, we have heard of spontaneous and organized demonstrations there where a number of people have expressed their sympathy with what we have suffered as a result of 9/11.

Those are just a few aspects of the President's speech in which I found favor.

There were a couple others that I thought were missing. Delaware is a State where we have had a remarkably strong economy. Our unemployment rate today is about 4 percent, which compares very favorably with other parts of America. I am not sure what the situation is in Montana, home of our Presiding Officer. Some States have unemployment rates of 6, 7, maybe 8 percent. We have a million or more people who don't have a job today than we did a year or so ago. I was disappointed in the President's decision not to acknowledge that these are tough times for a lot of States financially, that the cumulative deficits faced by the States this year are in the tens of billions of dollars, actually getting bigger, not smaller, as the year goes forward.

Some in this body think we should write out a check and provide revenue sharing for the States. I was never a big advocate for revenue sharing when I was a Member of the House or as a Governor for 8 years. I am not a huge advocate of revenue sharing today. Unfortunately, we

actually don't have a whole lot of revenues to share these days, given the kind of budget deficits we face. But there are a couple of ways we might want to consider helping the States. I will just mention three. I will certainly pursue those with the administration and my colleagues.

No. 1, States are getting killed on Medicaid costs. As unemployment goes up, people are losing health care and more people are showing up asking for coverage under Medicaid, health care for low-income and unemployed people. There is a formula called the FMAP formula that specifies what percentage of Medicaid is paid by the Federal Government and what percentage is paid by the States. It varies from State to State. For my State, the Feds pay roughly half and the State pays half of Medicaid costs. In some cases, the States pay less, in some cases maybe a bit more.

We ought to change that formula for a year or two, as the States try to get on their feet and provide a little bit more help—not forever, not permanently, but to make a modification for a year or two in the share of the Medicaid cost we are willing to bear, not by 10, 20 percent, but by a couple of percent.

Another area where we can help States—and it has a lot to do with doing what is right and also what is in the best long-term economic interest—is making sure we fully fund No Child Left Behind, something we debated at some length just last week. States don't need unfunded mandates. As their

revenues are dropping, most States have adopted basic standards for math, science, English, and social studies, and they are measuring student progress towards those standards. States are under pressure to cut back on the extra learning time they put in place. They are under pressure to cut back on the funding they are providing for Head Start and early childhood education.

It is important for us to make sure we meet our commitment for funding No Child Left Behind, so as the States struggle to come up with the money to pay for a whole host of costs, at least we are meeting our side of the bargain for funding education.

One other area the President spoke to, at least indirectly, was State and local frontline defenders—police, paramedics, fire, and others—when we have our next terrorist attack. Unfortunately, we probably will. The people who will be confronted with that initiative aren't so much those of us here in Washington; it is going to be the cop on the beat, the paramedic on duty, the fire station that gets the call; they are going to be among the first.

It is important that we do what we can and need to, working through our new Department of Homeland Security and funding the problems we have authorized, listening to the States where they believe their need is the greatest, and be responsive to that.

Yesterday, the Congressional Budget Office, on the heels of the

President's State of the Union Message, brought up a subject that he did not; that is, the size of our budget deficit. The President did not bring up the size of our trade deficit either. The size of the Nation's trade deficit last month was about \$40 billion. It wasn't that long ago, if we had had a trade deficit of \$40 billion for 1 year, not 1 month, people would have been alarmed. A lot of alarms would have gone off in this city and around the country. Our trade deficit last month was \$40 billion. Our trade deficit last year reached close to \$400 billion. It has been a long time since we had a surplus on the trade side—far too long. But the numbers are going in the wrong direction. We need to be mindful of that and concerned.

The budget deficit numbers are going the wrong way, too. It wasn't that long ago that they were actually going in the right direction. Starting in 1998 and 1999, 2000 and 2001, we actually had budget surpluses for the first time since 1969. I don't recall, hearing the President's State of the Union Message, his mentioning the issue of budget deficits or trade deficits. If he did, I missed it. But to be honest with the American people and ourselves, they are important. They are problems. They are concerns. They need to be addressed.

The President, in an effort to try to get the economy moving again, has said what we ought to do is cut taxes. He has laid out a proposal for doing that, with getting rid of the double taxation of dividend income. In theory, it is not a bad idea, although

his approach is one I am not sure is the best. It may make more sense to let businesses expense their dividend payments as they do interest payments, if they are interested in getting rid of this imbalance that is favored toward debt by companies. But I don't want to quarrel with that.

We have cut taxes two times now: 2001, a large tax cut; 2002, a smaller tax cut bill. It is like the quarterback or the coach who is calling a play. The President called the play in 2001: We have an economy that is not doing well; let's cut taxes. The economy is not doing well; let's cut taxes in 2002. The economy is still not doing well; let's cut taxes again in 2003.

As a former Governor, I used to cut taxes fairly regularly in my State. We cut them for 7 out of the 8 years I was privileged to be Governor. But we also cut taxes in a way that was consistent with a balanced budget, in a way that was balanced, fair, and equitable. We cut taxes in a way that we believed would stimulate the economy, the economic development and creation of jobs. We had a litmus test. A similar litmus test needs to be applied to this proposal. Will it stimulate the economy in the near term? Is it consistent with a balanced budget over the long haul? Is it broad based, equitable? And is there anything in there to help the States as a result of passing those tax cuts in 2001 and 2002? because so many State budgets or State tax laws piggyback on Federal tax laws. They are interconnected. When we cut Federal taxes, we also cut States taxes. As they are struggling to make

ends meet, we are prepared to cut taxes again, another \$4 or \$5 billion added to an already heavy burden for States.

I have talked of late with a lot of business leaders in my State, and they acknowledge that the idea of eliminating the double taxation of dividends is probably the right thing to do. Intellectually, a number of them have said—and I agree in the context of overall tax reform—it may make sense. Doing it just on its own to stimulate the economy maybe doesn't. At least it won't have the kind of near-term effect for which many would hope.

What a number of people a whole lot smarter than I, who study the economy and economics, study our banking system, and who run companies, have said is, more than a tax cut right now to get our economy moving, more than a spending package to get our economy moving, we need to get rid of the uncertainty we face, not so much here at home, although the threat of terrorism is part of it, but around the world.

The President spent a lot of time talking about uncertainty—with respect to North Korea, an effort to pursue a diplomatic solution, which I believe is the right approach, and then with respect to Iraq, the approach he spoke to and which has been discussed here today. For myself, the weapons of mass destruction that Iraq and Saddam Hussein had just a few years ago, in the late 1990s, acknowledged they had a few years ago, I believe they still have. They have them hidden.

They have not reported them. They have not destroyed them. I believe they have them.

The question is: What do we do to get rid of them? Take them away from Saddam Hussein, and his ability to deliver them in the region or outside that region?

On this one, we may have a difference of opinion, although I am not sure just how broad those differences are. I heard the President talk about his request of Colin Powell to go to the United Nations on February 5 and give an address with respect to what we believe we ought to do, given the early results from the inspections, what we should do next at the United Nations, the Security Council, for our country.

Sitting in the House Chamber, I heard the President say he is going to send the Secretary of State over to the United Nations on February 5 to give an address. I wonder if this is going to be like something that happened about 40 years ago when John Kennedy was our President and he sent Adlai Stevenson, Ambassador to the United Nations, as we were working on another potential military altercation, this one a very serious one between the United States and the Soviet Union, as we believed the Soviets were introducing intermediate-range ballistic missiles into Cuba which could target the United States. We asserted this was what the Soviets were trying to do. They denied it. We attempted to gain intelligence information, which was difficult to come by. Finally, we hit pay dirt.

Intelligence flights over Cuba captured not only missiles but the site preparation that was on going. Our U.N. Ambassador, Adlai Stevenson, presented that information to his colleagues at the U.N. in one of the most famous exchanges I have ever heard at the U.N. When the Soviet Ambassador was confronted with these photographs of all this material, larger and larger photographs, he said he needed more time to understand the translation of the accusations coming from our Ambassador. He said he needed more time to understand what he was hearing through the earphones. Adlai Stevenson said, "You know what I am saying, and you know what these pictures say, and I will wait until hell freezes over."

That is a long time, until hell freezes over. I am not going to suggest we should wait that long for the Iraqis to fess up and turn over and enable to be destroyed that which I think they clearly harbor. But I hope, just as the President of 40 years ago chose to continue to work through the U.N., this President will do so as well.

Going back to the economy, the best thing we can do to get the economy moving is to eliminate all this uncertainty that flows out of Iraq—hopefully, peacefully, but in the end, if need be, through war. Hopefully, we can do it without going to war. If it is necessary, we should be prepared to do that. I have said all along, one of the reasons we were so effective in the Persian Gulf war—which I supported as a House

Member and voted for as a House Member—I think one of the reasons we were successful there, and in Afghanistan, is we didn't do it by ourselves. It was not just unilaterally, us by ourselves. We led an armada of nations. If there is to be a military altercation, our chances for success are better enhanced if we do not do it alone and if we have the blessing of the U.N. and if we have broad-based military support from around the globe. I worry about the human cost to our soldiers, sailors, and airmen in a war. We are going to win and, I think, without a great deal of difficulty. Taking the cities might be a lot more dangerous, and we face a threat from the biological and chemical weapons he has. Hopefully, we will win without a huge cost in lives.

The financial cost will be lowered if we have others by our side. What I am concerned about maybe more than anything is the cost of the postwar, the morning after, when we help try to put Humpty-Dumpty back together in a country that has no democratic memory or institutions, a lot of dissenting voices and ethnic groups—pulling them together and trying to help them become a democracy. It is going to take time, money, and a lot of patience. I don't want the U.S. to be doing that by itself.

How does all this fit into the economy? We can offer businesses all kinds of tax incentives to make investments and other decisions. When they are faced with uncertainty, they are not going to make the kind of investments we

want them to make and they ought to be making. The sooner we can resolve—hopefully peacefully and, if not, through the use of force—the situation in the Middle East, I think that probably augurs better for the economy.

Having said that, let's be careful in our rush to judgment and keep in mind that our chances for early success, and for reducing the loss of life to Americans, and our chances for reducing out-of-pocket costs for the war and the postwar occupation are diminished if we have a lot of others with us. Especially in the next few weeks, we need to continue to be patient and share our intelligence with the inspectors and give them the best information for them to do their job on the ground.

I thank the Chair for the time. I look forward to yielding back whatever time I have and hearing from my friend and colleague from New Mexico.